

## **VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

Meeting of the Board of Trustees

February 21, 2003

### **Board members present:**

STEVEN JEFFREY, Chairperson, Employee Representative (term expiring July 1, 2004)

DAVID LEWIS, Employer Representative (term expiring July 1, 2003)

JEB SPAULDING, Vermont State Treasurer

### **Member(s) absent:**

W. JOHN MITCHELL, II, Vice-Chairperson, Employee Representative (term expiring July 1, 2005)

SHELDON PRENTICE, Governor's delegate

### **Also attending:**

Jeffrey Wilson; Vermont State Deputy Treasurer

Marie Duquette, Director of Investment Services

Dick Charlton, Ellen Griggs and Douglas Mosley, New England Pension Consultants

The Chairperson, Steve Jeffrey, called the meeting to order at 9:45 a.m. on Friday, February 21, 2003, in the Treasurer's Conference Room #1 at 133 State Street, Montpelier, Vermont.

**ITEM 1:** Approval of minutes for the November 22, 2002 meeting.

Discussion: a correction to the minutes under Item #2 (1) counter party risk (indemnified by the custodian.)

**On a motion by Mr. Jeffrey seconded by Mr. Lewis, the Board unanimously approved the minutes of November 22, 2002 with noted correction.**

**ITEM 2:** Manager Review

New England Pension Consultants discussed with the Board the money managers that would be presenting to the Board at the meeting.

**ITEM 3:** Money managers presentations

*Met Life* – John O'Neil and John Loehr appeared before the Board and distributed presentation books. Mr. O'Neill and Mr. Loehr explained that Ms. Duquette had inquired about the fees, and they had discovered that there was a systems problem in the summer of 2000. After conducting an investigation the problem was located and fee adjustments and rebates were granted. Currently there continues to be a manual over ride until a new system is installed.

Alliance Capital Management Corporation - Elizabeth Smith and Jason Ley. The Board received a handout from Alliance Capital. There was discussion concerning a difference from 2.4 /1.8 concerning performance. Mr. Ley told the Board he would get back to them to inform them as to which one is correct.

Lazard Money Manager– Patrick Mullin- Mr. Mullin discussed additional hires to the small cap team (Daniel Breslin) as well as additional hires to the global research platform. Mr. Mullin reviewed the small cap process as well as what helped and hurt performance for the 3<sup>rd</sup> quarter. What helped the performance was the stock selection in technology, consumer discretionary and health care. What hurt the performance was the stock selection in utilities and consumer staples.

There was no motion to adjourn since the Board no longer had a quorum. Mr. Lewis left at 11:30 am. Meeting was adjourned at 12:00 noon.

Respectfully submitted,

Joan Stasulis  
Assistant to the Secretary to the Board